

Message Text

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SCBJE: TURKISH ECONOMIC COOPERATION WITH EASTERN EUROPE:
A WRAP-UP.

REF: A) ANKARA 9708 B) ANKARA 9684 C) ANKARA 8240

1. SUMMARY: IN WAKE OF FLURRY OF PUBLICITY SURROUNDING
FIRST MEETING OF TURKISH-SOVIET JOINT ECONOMIC COMMISSION
IN MOSCOW, WHICH WE REPORTED IN REF A, WE HAVE MADE QUICK
REVIEW OF RECENT TURKISH ECONOMIC COOPERATION AND SIMILAR
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AGREEMENTS WITH OTHER COUNTRIES OF EASTERN EUROPE. EXCEPT
IN CASE OF ROMANIANS, TURKS APPEAR TO BE MOVING
SLOWLY TO EXPAND ECONOMIC RELATIONS WITH EE AT PRESENT
TIME. ROMANIANS HAVE BEEN BUSY IN PAST SIX MONTHS, HOW-
EVER, AND SCORED SPECTACULAR SUCCESS IN WINNING
ENGINEERING AND DESIGN CONTRACT FOR CENTRAL ANATOLIAN OIL

REFINERY, BEATING OUT NUMBER OF WESTERN ENGINEERING FIRMS
IN PROCESS. END SUMMARY.

2. MOST RECENT DEVELOPMENT WAS VISIT TO GDR BY SECRETARY-
GENERAL OF MINISTRY OF FOREIGN AFFAIRS ELEKDAG (SEE
REF B). ACCORDING TO METIN KUSTALOGLU, DIRECTOR OF DEPART-
MENT OF BILATERAL ECONOMIC RELATIONS IN MFA, WHO
ACCOMPANIED ELEKDAG, TALKS SIMPLY WERE PART OF PROCESS OF
TWO SIDES "GETTING TO KNOW EACH OTHER". HE SAID FULL POTEN-
TIAL OF ECONOMIC COOPERATION BETWEEN TURKEY AND GDR, ONE
OF LEADING INDUSTRIAL NATIONS OF WORLD, WAS NOT BEING
REALIZED AND TWO SIDES WISHED TO EXPLORE POSSIBILITIES OF
CORRECTING THIS. FOR EXAMPLE, EAST GERMANS ARE STRONG
IN CERTAIN TECHNOLOGIES, NOTABLY EXPLOITATION OF LIGNITE DEPOSITS,
WHICH TURKS WOULD LIKE TO OBTAIN IN EXCHANGE FOR TURKISH
AGRICULTURAL PRODUCTS. NO AGREEMENTS ISSUED FROM
THIS VISIT, HOWEVER, WHICH UNDOUBTEDLY WILL BE FOLLOWED BY
OTHERS IN NEAR FUTURE.

3. MOST ACTIVE, AND APPARENTLY MOST EFFECTIVE, OF EE'S
RECENTLY HAVE BEEN ROMANIANS. SEVERAL TURKISH-ROMANIAN
AGREEMENTS WERE REACHED DURING JUNE 22-25 CEAUSESCU VISIT
TO ANKARA: A SCIENTIFIC AND TECHNICAL COOPERATION AGREEMENT;
AN IMPLEMENTATION AGREEMENT IN FIELDS OF ENERGY, MINING AND
PETROLEUM UNDER THE LONG-TERM ECONOMIC, INDUSTRIAL
AND TECHNICAL COOPERATION AGREEMENT BETWEEN THE TWO COUNTRIES;
AND PROTOCOLS COVERING SPECIFIC PROJECTS. SINCE THE
CEAUSESCU VISIT SEVERAL UNDERTAKINGS RELATED TO THESE
AGREEMENTS HAVE BEEN REPORTED.

A. THE CENTRAL ANATOLIAN PETROLEUM REFINERY. UNDER
PROTOCOL BETWEEN THE TURKISH NATIONAL PETROLEUM COMPANY
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(TPAO) AND THE ROMANIAN INDUSTRIAL EXPORT ENTERPRISE,
ROMANIANS WILL SUPPLY ENGINEERING AND DESIGN SERVICES FOR
A MAJOR REFINERY TO PROCESS IRAQI CRUDE PIPED TO THE VICINITY
OF ANKARA. PROJECT, ULTIMATE VALUE OF WHICH IS IN NEIGHBOR-
HOOD OF 500 MILLION DOLLARS, WAS BEING BID FOR BY NUMBER
OF INTERNATIONAL ENGINEERING FIRMS (SEVEN OF THEM AMERICAN)
AND TURKISH DECISION TO GO WITH ROMANIANS WAS SOURCE
OF SOME CONSTERNATION IN WESTERN COMMERCIAL CIR-
CLES. A ROMANIAN CREDIT OFFER OF 250 MILLION DOLLARS EQUIV-
ALENT NO DOUBT CONTRIBUTED TO TURKISH DECISION (REF C).
B. IMPORT OF ROMANIAN TRACTORS. TURKISH RURAL DEVELOP-
MENT COOPERATIVE (KOY KOOP) CONTRACTED TO BUY 6,000
ROMANIAN "UNIVERSAL" TRACTORS DURING 1976, MOST
OF WHICH ARE REPORTED TO HAVE BEEN DELIVERED BY END OF
OCTOBER. IN EARLY DECEMBER KOY KOOP ORDERED AN ADDI-
TIONAL 8,250 FOR 1977 DELIVERY. TURKS ARE ALSO CONSIDERING
A ROMANIAN (AS WELL AS A SOVIET AND A YUGOSLAV) OFFER TO
BUILD A PLANT IN TURKEY TO PRODUCE 40,000 TRACTORS ANNUALLY.

C. THERE HAS BEEN A CONFUSING WELTER OF REPORTS OF OTHER ROMANIAN PROJECTS IN TURKEY. ROMANIANS ARE CONDUCTING FEASIBILITY STUDIES AND DESIGN WORK FOR CONSTRUCTION OF HYDRO-POWER INSTALLATIONS AT UGURLU AND KOKLUCE, WHICH THEY ARE REPORTEDLY COMMITTED TO COMPLETE BY END OF 1916. THEY ARE INVOLVED IN, OR SEEKING TO BECOME INVOLVED IN, DEVELOPMENT OF TURKISH COKING COAL AND PHOSPHATE DEPOSITIS, WHERE THEY HAVE OFFERED TO SUPPLY DRILLING EQUIPMENT. THEY HAVE PROPOSED A JOINT TURKISH-ROMANIAN TOURISM DEVELOPMENT PROGRAM. AND ACCORDING TO ONE AMERICAN VISITOR TO THE EMBASSY'S COMMERCIAL SECTION THEY ARE BIDDING TO PERFORM ENGINEERING STUDIES ON A POSSIBLE DARDANELLES CROSSING, WHERE THEY POSE A REAL COMPETITIVE THREAT BECAUSE OF THE "UNPREDICTABILITY" OF THEIR BIDDING PRACTICES.

4. AS TO OTHER EE COUNTRIES, KUSTALOGU HAS COMMENTED THAT ALTHOUGH TURKEY HAS "STANDARD AGREEMENTS" WITH MOST, "NOTHING SPECTACULAR" IS HAPPENING AT PRESENT. LIMITED OFFICIAL USE

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A REVIEW OF THE RECENT RECORD BEARS HIM OUT. MOST RECENTLY, ON NOVEMBER 29, A TURKISH COUNCIL OF MINISTERS DECREE WAS PUBLISHED APPROVING A TURKISH-CZECHOSLOVAK TRADE PROTOCOL WHICH LISTED GOODS PREPARED FOR EXCHANGE BETWEEN THE TWO COUNTRIES. THIS ROUTINE PROTOCOL WAS ORIGINALLY SIGNED IN MAY 1916. A SIMILAR PROTOCOL WITH POLAND, SIGNED JUNE 9, WAS GAZETTED ON DECEMBER 13. AND ON JUNE 11, AT THE CONCLUSION OF AN OFFICIAL VISIT TO TURKEY BY PRESIDENT TITO, A JOINT TURKISH-YUGOSLAV STATEMENT WAS RELEASED EXPRESSING IN VERY GENERAL TERMS INTENTION TO STRENGTHEN BILATERAL ECONOMIC RELATIONS UNDER EXISTING COOPERATION AGREEMENTS. WE HAVE SEEN NO RECENT REPORTS OF NOTABLE ACTIVITY IN TURKEY'S ECONOMIC RELATIONS WITH EITHER HUNGARY OR BULGARIA.

5. COMMENT: TURKISH GOVERNMENT PROBABLY FINDS MANY FEATURES OF ECONOMIC COOPERATION ARRANGEMENTS WITH EE COUNTRIES INCREASINGLY ATTRACTIVE. EE TECHNOLOGY, WHILE GENERALLY INFERIOR TO THAT AVAILABLE FROM WEST, IS OFTEN OF ROUGH-AND-READY TYPE SOMETIMES MORE SUITABLE TO TURKISH CONDITIONS. WITH GROWING PRESSURE ON TURKISH FINANCIAL RESERVES, SOFT CREDITS, BARTER AND PRODUCTION-SHARING, AND JOINT VENTURE ARRANGEMENTS SOMETIMES OFFERED BY EE'S MAY LOOK BETTER AND BETTER EVEN THOUGH USUALLY TIED TO PURCHASE OF INFERIOR EQUIPMENT. BUT A GENERATION OF TURKISH ENGINEERS AND MANAGERS HAS GROWN UP WITH EUROPEAN AND US TECHNOLOGY AND EQUIPMENT AND WILL BE RELUCTANT TO ACCEPT ANYTHING LESS. WHILE THE TURKISH GOVERNMENT MAY WISH TO DEMONSTRATE ITS ABILITY TO WIDEN SCOPE OF ECONOMIC COOPERATION WITH EASTERN EUROPE THERE ARE MANY PRAGMATIC, TO SAY NOTHING OF POLITICAL,

REASONS WHY CONCRETE RESULTS WILL BE SLOW IN COMING, IN OUR VIEW.
MACOMBER

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